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H. R. 5525

[Report No. 98-781]

To amend title 17, United States Code, to protect mask works of semiconductor chips against unauthorized duplication, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

APRIL 26, 1984

Mr. EDWARDS of California (for himself, Mr. RODINO, Mr. MINETA, Mr. KASTENMEIER, Mr. AUCOIN, Mr. BADHAM, Mr. BERMAN, Mr. BOEHLERT, Mr. BOSCO, Mrs. BOXER, Mr. BROOKS, Mr. BROWN of California, Mr. CHANDLER, Mr. CHAPPIE, Mr. CLINGER, Mr. CONYERS, Mr. DEWINE, Mr. ERLNBORN, Mr. FAZIO, Ms. FIEDLER, Mr. FISH, Mr. FRANK, Mr. GEKAS, Mr. GLICKMAN, Mr. HAWKINS, Mr. HYDE, Mr. JEFFORDS, Mrs. JOHNSON, Mr. KINDNESS, Mr. LAFALCE, Mr. LANTOS, Mr. LEHMAN of Florida, Mr. LEVINE of California, Mr. LOWERY of California, Mr. LUJAN, Mr. MCCAIN, Mr. MCCOLLUM, Mr. MARTINEZ, Mr. MAZZOLI, Mr. MOORHEAD, Mr. MORRISON of Connecticut, Mr. MRAZEK, Mr. MURPHY, Mr. NELSON of Florida, Mr. OLIN, Mr. OWENS, Mr. PANETTA, Mr. PRITCHARD, Mr. REID, Mr. RICHARDSON, Mr. RITTER, Mr. RUDD, Mr. SAWYER, Mrs. SCHNEIDER, Mrs. SCHROEDER, Mr. SENSENBRENNER, Mr. ROBERT F. SMITH, Mr. STARK, Mr. SYNAR, Mr. TORRES, Mr. WAXMAN, Mr. WYDEN, and Mr. ZSCHAU) introduced the following bill; which was referred to the Committee on the Judiciary

MAY 15, 1984

Reported with amendments, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

[Omit the part struck through and insert the part printed in italic]

A BILL

To amend title 17, United States Code, to protect mask works of semiconductor chips against unauthorized duplication, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 SHORT TITLE

4 SECTION 1. This Act may be cited as the “Semiconduc-
5 tor Chip Protection Act of 1984”.

6 PROTECTION OF SEMICONDUCTOR CHIP PRODUCTS

7 SEC. 2. Title 17, United States Code, is amended by
8 adding at the end thereof the following new chapter:

9 “CHAPTER 9—PROTECTION OF SEMICONDUCTOR
10 CHIP PRODUCTS

“Sec.

“901. Definitions.

“902. Subject matter of protection.

“903. Ownership and transfer.

“904. Duration of protection.

“905. Exclusive rights in mask works.

“906. Limitation on exclusive rights: reverse engineering; first sale.

“907. Limitation on exclusive rights: innocent infringement.

“908. Registration of claims of protection.

“909. Mask work notice.

“910. Enforcement of exclusive rights.

“911. Remedies for infringement.

“912. Relation to other laws.

11 “§ 901. Definitions

12 “As used in this chapter—

13 “(1) a ‘semiconductor chip product’ is the final or
14 intermediate form of any product—

1 “(A) having two or more layers of metallic,
2 insulating, or semiconductor material deposited or
3 otherwise placed on, or etched away or otherwise
4 removed from, a piece of semiconductor material
5 in accordance with a predetermined pattern; and

6 “(B) that is intended to perform electronic
7 circuitry functions;

8 “(2) a ‘mask work’ means the 2-dimensional and
9 3-dimensional features of shape, pattern, and configura-
10 tion of the surface of the layers of a semiconductor
11 chip product, regardless of whether such features have
12 an intrinsic utilitarian function that is not only to por-
13 tray the appearance of the product or to convey infor-
14 mation;

15 “(3) a mask work is ‘fixed’ in a semiconductor
16 chip product when its embodiment in the product, by
17 or under the authority of the owner of the mask work,
18 is sufficiently permanent or stable to permit the mask
19 work to be perceived, reproduced, or otherwise com-
20 municated for a period of more than transitory dura-
21 tion;

22 “(4) a mask work is ‘original’ if it is the independ-
23 ent creation of an author who did not copy it from an-
24 other source;

1 “(5) to ‘commercially exploit’ a mask work is to
2 sell, offer for sale after the mask work is fixed in a
3 semiconductor chip product, or otherwise distribute to
4 the public for profit semiconductor chip products em-
5 bodying the mask work;

6 “(6) the ‘owner’ of a mask work is the author of
7 the mask work, the legal representatives of a deceased
8 author or of an author under a legal incapacity, the
9 employer ~~for whom the~~ *of an author who* created the
10 mask work *for the employer* in the case of a work
11 made within the scope of the author’s employment, or
12 a person to whom the rights of the author or of such
13 employer are transferred in accordance with this chap-
14 ter;

15 “(7) an ‘innocent purchaser’ is a person who pur-
16 chases a semiconductor chip product in good faith and
17 without having notice of protection with respect to that
18 semiconductor chip product;

19 “(8) having ‘notice of protection’ means having
20 actual knowledge that, or reasonable grounds to be-
21 lieve that, a mask work fixed in a semiconductor chip
22 product is protected under this chapter; and

23 “(9) an ‘infringing semiconductor chip product’ is
24 a semiconductor chip product which is made, imported,

1 or distributed in violation of the exclusive rights of the
2 owner of a mask work under this chapter.

3 **“§ 902. Subject matter of protection**

4 “(a)(1) An original mask work fixed in a semiconductor
5 chip product is eligible for protection under this chapter if—

6 “(A) on the date on which the mask work is reg-
7 istered under section 908, or the date on which the
8 mask work is first commercially exploited, whichever
9 occurs first, the owner of the mask work is a national
10 or domiciliary of the United States, or is a national,
11 domiciliary, or sovereign authority of a foreign nation
12 that is a party to a treaty affording protection to mask
13 works to which the United States is also a party, or is
14 a stateless person, wherever that person may be domi-
15 ciled;

16 “(B) the mask work is first commercially exploited
17 in the United States; or

18 “(C) the mask work comes within the scope of a
19 Presidential proclamation issued under paragraph (2).

20 “(2) Whenever the President finds that a foreign nation
21 extends, to mask works of owners who are nationals or domi-
22 ciliaries of the United States or to mask works on the date on
23 which the mask works are registered under section 908, or
24 the date on which the mask works are first commercially
25 exploited, whichever occurs first, protection (A) on substan-

1 tially the same basis as that on which the foreign nation ex-
 2 tends protection to mask works of its own nationals and
 3 domiciliaries and mask works first commercially exploited in
 4 that nation, or (B) on substantially the same basis as provided
 5 in this chapter, the President may by proclamation extend
 6 protection under this chapter to mask works (i) of owners
 7 who are, on the date on which the mask works are registered
 8 under section 908, or the date on which the mask works are
 9 first commercially exploited, whichever occurs first, nation-
 10 als, domiciliaries, or sovereign authorities of that nation, or
 11 (ii) which are first commercially exploited in that nation.

12 “(b) Protection under this chapter shall not be available
 13 for a mask work that—

14 “(1) is not original; or

15 “(2) consists of designs that are staple, common-
 16 place, or familiar in the semiconductor industry, or
 17 variations of such designs, combined in a way that is
 18 not original.

19 “(c) In no case does protection under this chapter for a
 20 mask work extend to any idea, procedure, process, system,
 21 method of operation, concept, principle, or discovery, regard-
 22 less of the form in which it is described, explained, illus-
 23 trated, or embodied in ~~such~~ *the mask* work.

1 **“§ 903. Ownership and transfer**

2 “(a) The exclusive rights in a mask work subject to pro-
3 tection under this chapter shall vest in the owner of the mask
4 work.

5 “(b) The exclusive rights in a mask work registered
6 under section 908, or a mask work for which an application
7 for registration has been or is eligible to be filed under section
8 908, may be transferred in whole or in part by any means of
9 conveyance or by operation of law, and may be bequeathed
10 by will or pass as personal property by the applicable laws of
11 intestate succession.

12 “(c) In any case in which conflicting transfers of the
13 exclusive rights in a mask work are made, the transfer first
14 executed shall be void as against a subsequent transfer which
15 is made for a valuable consideration and without notice of the
16 first transfer, unless the first transfer is recorded in the Copy-
17 right Office within three months after the date on which it is
18 executed, but in no case later than the day before the date of
19 such subsequent transfer.

20 “(d) Mask works prepared by an officer or employee of
21 the United States Government as part of that person’s official
22 duties are not protected under this chapter, but the United
23 States Government is not precluded from receiving and hold-
24 ing exclusive rights in mask works transferred to the Govern-
25 ment under subsection (b).

1 **“§ 904. Duration of protection**

2 “(a) The protection provided for a mask work under this
3 chapter shall commence on the date on which the mask work
4 is registered under section 908, or the date on which the
5 mask work is first commercially exploited, whichever occurs
6 first.

7 “(b) Subject to the provisions of this chapter, the protec-
8 tion provided under this chapter to a mask work shall contin-
9 ue for a term of ten years beginning on the date on which
10 such protection commences under subsection (a).

11 **“§ 905. Exclusive rights in mask works**

12 “Subject to the other provisions of this chapter, the
13 owner of a mask work has the exclusive rights to do and to
14 authorize any of the following:

15 “(1) to reproduce the mask work by optical, elec-
16 tronic, or any other means;

17 “(2) to import or distribute a semiconductor chip
18 product in which the mask work is embodied; and

19 “(3) to induce or knowingly to cause another
20 person to do any of the acts described in paragraphs
21 (1) and (2).

22 **“§ 906. Limitation on exclusive rights: reverse engineer-**
23 **ing; first sale**

24 “(a) Notwithstanding the provisions of section 905(1), it
25 is not an infringement of the exclusive rights of the owner of
26 a mask work to reproduce the work solely for the purpose of

1 teaching, analyzing, or evaluating the concepts or techniques
 2 embodied in the mask work or the circuitry or organization of
 3 components used in the mask work.

4 “(b) Notwithstanding the provisions of section 905(2),
 5 the owner of a particular semiconductor chip product lawfully
 6 made under this chapter, or any person authorized by such
 7 owner, is entitled, without the authority of the owner of the
 8 mask work, to sell or otherwise dispose of that semiconductor
 9 chip product.

10 **“§ 907. Limitation on exclusive rights: innocent infringe-**
 11 **ment**

12 “(a) Notwithstanding any other provision of this chap-
 13 ter, an innocent purchaser of an infringing semiconductor
 14 chip product—

15 “(1) shall incur no liability under this chapter with
 16 respect to the distribution of units of the infringing
 17 semiconductor chip product that occurred before that
 18 innocent purchaser had notice of protection with re-
 19 spect to that semiconductor chip product; and

20 “(2) shall be liable only for a reasonable royalty
 21 on each unit of the infringing semiconductor chip prod-
 22 uct that the innocent purchaser distributed after having
 23 notice of protection with respect to that semiconductor
 24 chip product, ~~the amount of the royalty to be deter-~~
 25 ~~mined by voluntary negotiation between the parties,~~

1 ~~mediation, or binding arbitration, or, if the parties do~~
2 ~~not resolve the issue, by the court in a civil action for~~
3 ~~infringement.~~

4 *The amount of the royalty referred to in paragraph (2) shall*
5 *be determined by voluntary negotiation between the parties,*
6 *mediation, or binding arbitration, or, if the parties do not*
7 *resolve the issue, by the court in a civil action for infringe-*
8 *ment.*

9 “(b) The immunity from liability and limitation on liabil-
10 ity referred to in subsection (a) shall apply to any person who
11 directly or indirectly purchases an infringing semiconductor
12 chip product from an innocent purchaser.

13 “(c) The provisions of subsections (a) and (b) apply only
14 with respect to units of an infringing semiconductor chip
15 product that an innocent purchaser purchased before having
16 notice of protection with respect to that semiconductor chip
17 product.

18 **“§ 908. Registration of claims of protection**

19 “(a) Protection of a mask work under this chapter shall
20 terminate if application for registration of a claim of protec-
21 tion in the mask work is not made as provided by this chapter
22 within two years after the date on which the mask work is
23 first commercially exploited.

24 “(b) The Register of Copyrights shall be responsible for
25 all administrative functions and duties under this chapter.

1 Except for section 708, the provisions of chapter 7 of this
2 title relating to the general responsibilities, organization, reg-
3 ulatory authority, actions, records, and publications of the
4 Copyright Office shall apply to this chapter, except that the
5 Register of Copyrights may make such changes as may be
6 necessary in applying those provisions to this chapter.

7 “(c) The application for registration of a mask work
8 shall be made on a form prescribed by the Register of Copy-
9 rights and shall include any information regarded by the Reg-
10 ister of Copyrights as bearing upon the preparation or identi-
11 fication of the work, the existence or duration of protection,
12 or ownership of the work.

13 “(d) The Register of Copyrights shall by regulation set
14 reasonable fees for the filing of applications to register claims
15 of protection in mask works under this chapter, and for other
16 services relating to the administration of this chapter or the
17 rights under this chapter, taking into consideration the cost of
18 providing those services, the benefits of a public record, and
19 statutory fee schedules under this title. The Register shall
20 also specify the identifying material to be deposited in con-
21 nection with the claim for registration.

22 “(e) If the Register of Copyrights, after examining an
23 application for registration, determines, in accordance with
24 the provisions of this chapter, that the application relates to a
25 mask work which warrants protection under this chapter,

1 then the Register shall register the claim and issue to the
2 applicant a certificate of registration of the claim under the
3 seal of the Copyright Office. The effective date of registration
4 of a claim of protection shall be the date on which an applica-
5 tion, deposit, and fee, which are determined by the Register
6 of Copyrights or by a court of competent jurisdiction to be
7 acceptable for registration, have all been received in the
8 Copyright Office.

9 “(f) In any action for infringement under this chapter,
10 the certificate of registration of a mask work shall constitute
11 prima facie evidence (1) of the facts stated in the certificate,
12 and (2) that the applicant issued the certificate has met the
13 requirements of this chapter, and the regulations issued under
14 this chapter, with respect to the registration of claims.

15 “(g) Any applicant for registration under this section
16 who is dissatisfied with the refusal of the Register of Copy-
17 rights to issue a certificate of registration under this section
18 may seek judicial review of that refusal by bringing an action
19 for such review in an appropriate United States district court,
20 in accordance with chapter 7 of title 5, not later than sixty
21 days after the refusal. The failure of the Register of Copy-
22 rights to issue a certificate of registration within three
23 months after an application for registration is filed shall be
24 deemed to be a refusal to issue a certificate of registration for
25 purposes of this subsection and section 910(c).

1 **“§ 909. Mask work notice**

2 “(a) The owner of a mask work provided protection
3 under this chapter may affix notice to the mask work or to
4 the semiconductor chip product embodying the mask work in
5 such manner and location as to give reasonable notice of such
6 protection. The Register of Copyrights shall prescribe by reg-
7 ulation, as examples, specific methods of affixation and posi-
8 tions of notice for purposes of this section, but these specifica-
9 tions shall not be considered exhaustive. The affixation of
10 such notice is not a condition of protection under this chapter,
11 but shall constitute prima facie evidence of notice of protec-
12 tion.

13 “(b) The notice referred to in subsection (a) shall consist
14 of—

15 “(1) the words ‘mask work’, or the letter M in a
16 circle **Ⓜ**;

17 “(2) the year in which the mask work was first
18 fixed in a semiconductor chip product; and

19 “(3) the name of the owner or owners of the mask
20 work or an abbreviation by which the name is recog-
21 nized or is generally known.

22 **“§ 910. Enforcement of exclusive rights**

23 “(a) Except as otherwise provided by this chapter, any
24 person who violates any of the exclusive rights of the owner
25 of a mask work under this chapter shall be liable as an in-
26 fringer of such rights.

1 “(b) The owner of a mask work protected under this
2 chapter shall be entitled to institute a civil action for infringe-
3 ment after a certificate of registration of a claim in that mask
4 work is issued under section 908.

5 “(c) In any case in which an application for registration
6 and the required deposit and fee have been received in the
7 Copyright Office in proper form and registration of the mask
8 work has been refused, the applicant is entitled to institute a
9 civil action for infringement under this chapter if notice of the
10 action, together with a copy of the complaint, is served on
11 the Register of Copyrights, in accordance with the Federal
12 Rules of Civil Procedure. The Register may, at his or her
13 option, become a party to the action with respect to the issue
14 of whether the claim is eligible for registration by entering an
15 appearance within sixty days after such service, but the fail-
16 ure of the Register to become a party to the action shall not
17 deprive the court of jurisdiction to determine that issue.

18 “(d)(1) The Secretary of the Treasury and the United
19 States Postal Service shall separately or jointly issue regula-
20 tions for the enforcement of the right to import set forth in
21 section 905. These regulations may require, as a condition
22 for the exclusion of articles from the United States, that the
23 person seeking exclusion—

24 “(A) obtain a court order enjoining, or an order of
25 the International Trade Commission under section 337

1 of the Tariff Act of 1930 excluding, importation of the
2 articles; or

3 “(B) furnish proof that the mask work involved is
4 protected under this chapter and that the importation
5 of the articles would infringe the rights in the mask
6 work under this chapter, and also post a surety bond
7 for any injury that may result if the detention or exclu-
8 sion of the articles proves to be unjustified.

9 “(2) Articles imported in violation of the right to import
10 set forth in section 905 are subject to seizure and forfeiture in
11 the same manner as property imported in violation of the
12 customs laws. Any such forfeited articles shall be destroyed
13 as directed by the Secretary of the Treasury or the court, as
14 the case may be, except that the articles may be returned to
15 the country of export whenever it is shown to the satisfaction
16 of the Secretary of the Treasury that the importer had no
17 reasonable grounds for believing that his or her acts consti-
18 tuted a violation of the law.

19 **“§ 911. Remedies for infringement**

20 “(a) Any court having jurisdiction of a civil action aris-
21 ing under this chapter may grant temporary and permanent
22 injunctions on such terms as the court may deem reasonable
23 to prevent or restrain infringement of the exclusive rights in
24 a mask work under this chapter.

1 “(b) Upon finding for the owner of the mask work, the
2 court shall award the owner actual damages suffered by the
3 owner as a result of the infringement. The court shall also
4 award the owner the infringer’s profits that are attributable
5 to the infringement and are not taken into account in comput-
6 ing the award of actual damages. In establishing the infring-
7 er’s profits, the owner of the mask work is required to
8 present proof only of the infringer’s gross revenue, and the
9 infringer is required to prove his or her deductible expenses
10 and the elements of profit attributable to factors other than
11 the mask work.

12 “(c) At any time before final judgment is rendered, the
13 owner of the mask work may elect, instead of actual damages
14 and profits as provided by subsection (b), an award of statuto-
15 ry damages for all infringements involved in the action, with
16 respect to any one mask work for which any one infringer is
17 liable individually, or for which any two or more infringers
18 are liable jointly and severally, in an amount not more than
19 \$250,000 as the court considers just.

20 “(d) In any action for infringement under this chapter,
21 the court in its discretion may allow the recovery of full
22 costs, including reasonable attorneys’ fees, to the prevailing
23 party.

1 “(e) An action for infringement under this chapter shall
2 not be maintained unless the action is commenced within
3 three years after the claim accrues.

4 “(f) As part of a final judgment or decree, the court may
5 order the destruction or other disposition of any infringing
6 semiconductor chip products, and any masks, tapes, or other
7 articles by means of which such products may be reproduced.

8 **“§ 912. Relation to other laws**

9 “(a) Nothing in this chapter shall affect any right or
10 remedy held by any person under chapters 1 through 8 of this
11 title, or under title 35.

12 “(b) Except as provided in section 908(b) of this title,
13 references to ‘this title’ or ‘title 17’ in chapters 1 through 8
14 of this title shall be deemed not to apply to this chapter.

15 “(c) The provisions of this chapter shall preempt the
16 laws of any State to the extent those laws provide any rights
17 or remedies with respect to a mask work which are equiva-
18 lent to those provided by this chapter, except that such pre-
19 emption shall be effective only with respect to actions filed on
20 or after January 1, 1986.

21 “(d) The provisions of sections 1338, 1400(a), and
22 1498(b) and (c) of title 28 shall apply *with respect* to exclu-
23 sive rights in mask works under this chapter.”.

1 TECHNICAL AMENDMENT

2 SEC. 3. The table of chapters of title 17, United States
3 Code, is amended by adding at the end thereof the following
4 new item:

“9. Protection of Semiconductor Chip Products..... 901”.

5 EFFECTIVE DATE

6 SEC. 4. (a) The amendments made by this Act shall take
7 effect on January 1, 1985.

8 (b)(1) Subject to paragraph (2) of this subsection, protec-
9 tion shall be available under chapter 9 of title 17, United
10 States Code, as added by section 2 of this Act, to any mask
11 work fixed in a semiconductor chip product that was first
12 commercially exploited on or after January 1, 1984, and
13 before January 1, 1985, if a claim of protection in the mask
14 work is registered in the Copyright Office before January 1,
15 1986, under section 908 of title 17, United States Code, as
16 added by section 2 of this Act.

17 (2) In the case of any mask work provided protection
18 under chapter 9 of title 17, United States Code, in accord-
19 ance with paragraph (1) of this subsection, any infringing
20 semiconductor chip products manufactured before the effec-
21 tive date of this Act may be imported into or distributed in
22 the United States, or both, subject to the payment by the
23 importer or distributor, as the case may be, of the reasonable
24 royalty specified in section 907(a)(2) of title 17, United States
25 Code, as added by section 2 of this Act.

1 (3) For purposes of this subsection, the terms “mask
2 work”, “fixed”, “semiconductor chip product”, “commercial-
3 ly ~~exploited~~ *exploit*”, and “infringing semiconductor chip
4 product” have the meanings given those terms in section 901
5 of title 17, United States Code, as added by section 2 of this
6 Act.

7 AUTHORIZATION OF APPROPRIATIONS

8 SEC. 5. There are authorized to be appropriated such
9 sums as may be necessary to carry out this Act and the
10 amendments made by this Act.